



October 21, 2002

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W., Room TW-A325  
Washington, D.C. 20554

RE: In the Matter of Applications for Consent to the Transfer of Control of Licenses  
and Section 214 Authorizations from Ameritech Corporation, Transfer, To SBC  
Communications, Inc., Transferee  
(CC Docket No. 98-141)

Dear Ms. Dortch:

SBC Communication Inc. (SBC) submits the attached "Supplemental Information to the 2002 Compliance Report to the FCC" as a supplement to the "Annual Compliance Report" filed with the Commission on March 15, 2003.

The purpose of the attached report is to address merger compliance information relevant to the 2002 calendar year that was discovered subsequent to filing the March 15, 2003 report.

If you have any questions regarding this report, please contact David Cartwright at (202) 326-8894 or me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michelle A. Thomas", followed by a horizontal line.

Attachments

Cc: Mr. Hugh Boyle  
Ms. Maureen Del Duca  
Mr. Pete Young

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**SBC Communications Inc.**

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**SBC/Ameritech Merger Conditions  
Supplemental Information to the 2002  
Compliance Report to the FCC**

Priscilla Hill-Ardoin  
Senior Vice President-Regulatory  
Compliance  
SBC Communications Inc.

October 15, 2003

## **Summary**

The Merger Conditions require SBC to submit an annual compliance report by March 15 for the preceding calendar year. On March 14, 2003, the Company filed its Compliance Report for the 12 months that ended December 31, 2002 ("March 15, 2003 Report")

On September 2, 2003, SBC publicly filed with the FCC the Independent Auditor Reports and Management Assertions of Compliance with and the Effectiveness of Controls over the Merger Conditions. These documents, which were dated August 29, 2003, covered the 12-month period that ended December 31, 2002. They identified certain items not disclosed in the March 15, 2003 Report, because such items were discovered subsequent to issuance of the March 15, 2003 report, and therefore were not included therein. This Supplemental Report to the March 15, 2003 Report provides the following information relating to these items:<sup>1</sup>

## **Supplemental Discussion of Compliance by Merger Condition**

### *11 Collocation Compliance*

Title 47 Part 51 321 (h) requires the Company to submit to a requesting carrier within ten days of the submission of the request a report describing in detail the space that is available for collocation in a particular incumbent LEC premises. The Company received one such request for a report from one carrier during 2002. The Company discovered subsequent to March 15, 2003 that it had provided the requested report to the carrier in 11 calendar days rather than the required ten calendar days from the date of the submission of the request.

The Company stated in the March 15, 2003 report that it was in process of performing an assessment of improvements of procedures and processes related to the billing of collocation charges and that it would comment on the results of the assessment in this Supplemental Report. Subsequent to March 15, 2003, SBC completed a physical inventory of all Collocation requests against existing arrangements to assess the effectiveness of the improved procedures and noted improved billing accuracy. The Company continued to perform ongoing billing process improvements to ensure reasonable and timely collocation billing.

### *15 Carrier-to-Carrier Promotions Resale Discount*

The Company originally reported that it had continued to offer the promotional resale discount required by this Condition during 2002, with the exception of a previously disclosed error in the Ameritech states that was corrected in April 2002. The Company subsequently discovered that in the SWBT region, certain CLECs did not receive the discount for a limited number of lines

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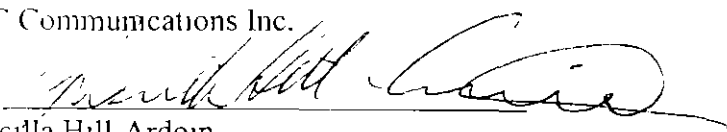
<sup>1</sup> The information provided in this Supplemental Report was also provided in the above-referenced Independent Auditor Reports and Management Assertions of Compliance with and the Effectiveness of Controls over the Merger Conditions dated August 29, 2003.

ordered during the 12-month report period that ended December 31, 2002. The Company is presently working towards developing a method to identify the affected lines in order to apply appropriate credits.

### *23. Enhanced Lifeline Plans*

The Company originally reported that it maintained promotional budgets, as required by the merger agreement, to make potential customers aware of the Enhanced Lifeline plan or other programs that benefit low-income consumers. The Condition requires the Company to spend a minimum annual promotional budget per affected state; however, the Company subsequently discovered that it had failed to meet the requirement in Indiana during 2002 due primarily to an administrative oversight in monitoring actual expenditures against the budget. The amount of the 2002 shortfall for Indiana was subsequently spent in 2003, in addition to the amount spent by the Company to meet the 2003 annual promotional budget requirement for that state.

SBC Communications Inc.

By 

Priscilla Hill-Ardoin

Senior Vice President – Regulatory Compliance

SBC Compliance Officer